



Patrick W. Henning, Director
December 29, 2008
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Arnold Schwarzenegger
Governor

Mr. Andrew Munoz, Executive Director
Orange County Community Services Agency
1300 S. Grand Avenue, Bldg. B, 3rd Floor
Santa Ana, CA 92705-4407

Dear Mr. Munoz:

WORKFORCE INVESTMENT ACT
NATIONAL EMERGENCY GRANT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Orange County Workforce Investment Board's (OCWIB's) administration of its Workforce Investment Act (WIA) Southern California Wildfire National Emergency Grant (NEG), Subgrant Number R865476. This review was conducted by Ms. Karen Fuller-Ware from July 14, 2008 through July 18, 2008. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA activities, monitoring, and management information system/reporting. For the financial management portion of the review, we focused primarily on expenditures.

Our review was conducted under the authority of Sections 667.400(c) and 667.410(b)(1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by OCWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations and financial management.

We collected the information for this report through interviews with OCWIB representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of sampled case files for participants enrolled in the WIA NEG Project; a review of applicable policies and procedures and documentation retained by OCWIB for a sample of expenditures and procurements.

We received your response to our draft report on November 14, 2008, and reviewed your comments and documentation before finalizing this report. Because your response

adequately addressed the finding cited in the draft report, no further action is required and we consider the issue resolved.

BACKGROUND

The OCWIB was awarded \$ 873,088 to operate a WIA NEG Project and serve 66 WIA participants, dislocated from their jobs as a result of the Southern California Wildfires, from November 1, 2007 through December 31, 2008. For the quarter ending March 31, 2008, OCWIB reported that it spent \$327,422 and enrolled 55 participants. We reviewed case files for 30 of the 55 participants enrolled in the NEG Project as of July 15, 2008.

REVIEW RESULTS

While we concluded that, overall, OCWIB's is meeting applicable WIA requirements concerning grant program administration, we noted an instance of noncompliance in the area of Job Training Automation (JTA) expenditure reporting. The finding that we identified in this area, our recommendation, OCWIB's proposed resolution of the finding is specified below.

FINDING 1

Requirement:

20 CFR Section 667.300(c)(3) states, in part, that reported expenditures must be on the accrual basis of accounting and cumulative by fiscal year of appropriation.

WIA Directive WIAD06-4 requires, in part, that quarterly expenditures (including accruals) and obligations must be reported on a cumulative basis and a separate expenditure report must be filed for each line item or grant code. As of December 31, 2004, reporting period, subrecipients with NEG funds must also complete Section VIII. The submission of information provided in Section VIII is a requirement of the DOL. Section VIII requires NEG expenditures to be reported under the following categories: Participant Wages, Participant Fringe Benefits, Core and Intensive Services, NEG – Funded Training, NEG – Funded Supportive Services, Needs Related Payments, Program Management and Oversight, and Other.

Observation:

We found that OCWIB did not report its expenditures accurately for the quarters ending December 31, 2007, March 31, 2008, or (subsequent to the review) June 2008. Specifically, OCWIB reported all NEG program expenditures under the category "Other" although the OCWIB NEG program included participant

wages, participant fringe benefits, NEG – Funded Training, and NEG – Funded Supportive Services.

Recommendation: We recommended that OCWIB correct its expenditure reports for the next reporting period so that it accurately reflects the total year-to-date amount for each required reporting category and send CRD documentation of its action.

OCWIB Response: In its response, OCWIB stated it will direct the contractor to submit invoices in the manner in which will be conducive to reporting expenditures to the level of detail as recommended in the monitoring report. The OCWIB anticipates revising the September 2008 quarterly report to reflect the year-to-date amounts with the prescribed categories.

In December 2008, the OCWIB informed EDD that they were unable to revise the September report, but would revise its November report to reflect the year-to-date amounts within the prescribed categories. On December 18, 2008, OCWIB submitted the November 2008 report that reflects year-to-date amounts within the prescribed categories.

State Conclusion: We consider this finding resolved.

In addition to the finding above, we identified a condition that may become a compliance issue if not addressed. Specifically, we noted that seven participants had not been exited timely from the program. The participant case files contained documentation indicating that they had been exited. However, the exit information had not been entered into the JTA system. The exits dated as far back as April 3, 2008. We suggested that OCWIB report the exit information for each participant to the State. In its response OCWIB did not respond to our concern. We, again, suggest that OCWIB report the exit information for each participant to the State.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is OCWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA, related Federal regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain OCWIB's responsibility.

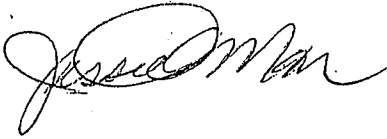
Mr. Andrew Munoz

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Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 653-7541 or Ms. Mechelle Hayes at (916) 654-7005.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Daniel Patterson, MIC 45
Gilbert von Studnitz, MIC 50
Georgeanne Pintar, MIC 50